



2023

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Interim Report

1 January–31 December

Significant business events

In the fourth quarter

- » Softronic was affected at the beginning of December by a security-related incident and announced later that systems and services had been opened and that profit for the fourth quarter would be impacted negatively
- » Subsidiary Consultus and the Swedish National Courts Administration signed an agreement for training
- » Softronic and Huga Bostäder signed an agreement for IT operational services

Earlier in the year

- » Softronic tops Radar's supplier quality review for 2022
- » Agreement signed with Inera AB
- » Agreement signed with the Swedish Sports Confederation (RF)
- » Cloud partnership started with Hifab
- » New framework agreement signed with the Swedish Tax Agency
- » Charlotte Eriksson hired as the new CEO, starting 2 May 2022

After the end of the period

- » Subsidiary Consultus and Region Skåne signed a framework agreement for change leadership
- » Softronic once again chosen as a framework supplier for the Swedish Financial Supervisory Authority
- » Entered into partnership with VALEGA within CM1
- » Softronic founder and majority shareholder Anders Eriksson transferred his entire ownership to his son Andreas Eriksson, and Softronic reclassified 370,000 Class A share to Class B shares

Fourth quarter 2022

- » Sales amounted to MSEK 195.8 (MSEK 210.1)
- » EBITDA was MSEK 15.8 (MSEK 36.2)
- » Profit before tax totalled MSEK 11.9 (MSEK 30.3)
- » Profit margin before tax amounted to 6.1 % (14.4 %)
- » Profit for the period after tax amounted to MSEK 9.6 (MSEK 23.9)
- » Earnings per share for the period, basic and diluted, amounted to SEK 0.18 (SEK 0.45)
- » Cash flow from operating activities amounted to MSEK 34.2 (MSEK 48.6)

Full year 2022

- » Sales increased to MSEK 797.1 (MSEK 786.5)
- » EBITDA was MSEK 105.2 (MSEK 116.7)
- » Profit before tax totalled MSEK 87.0 (MSEK 93.6)
- » Profit margin before tax amounted to 10.9 % (11.9 %)
- » Profit for the period after tax amounted to MSEK 68.2 (MSEK 73.7)
- » Earnings per share for the period, basic and diluted, amounted to SEK 1.30 (SEK 1.40)
- » Cash flow from operating activities amounted to MSEK 80.6 (MSEK 111.3)
- » Total liquidity amounted to MSEK 140
- » Equity/assets ratio amounted to 58% (60%)
- » The Board of Directors proposes a dividend of SEK 1.00 per share (SEK 1.35)



Security attack burdens an otherwise strong year for Softronic

In 2022, Softronic delivered strong performance with delivery of a number of significant customer projects. Demand in general was not impacted by the slowing economy or the uncertainty evident in the global market.

Security incident in December

However, in December, the company was affected by a security incident that had a major impact on the fourth quarter. A hostile party, which was determined to be external, attacked some of Softronic's system environments. To prevent damages to both Softronic's customers and Softronic, all network traffic was shut down. Softronic took action immediately, and the systems were then gradually restarted to guarantee security and functionality. The incident has now been closed, but Softronic's security-related work will continue and intensify in 2023.

Profit has been burdened by extraordinary costs related to work in collaboration with industry experts to analyse and manage the external hostile party. Work to gradually reopen the systems has been comprehensive and time intensive. In addition, our performance was impacted by the lower availability that we were able to offer our customers during the month of December. The margin for the quarter amounts to 6.1% (14.4%), sales to MSEK 196 (MSEK 210), and profit to MSEK 12 (MSEK 30). Profit during the quarter overall was impacted by one-off items related to the security incident of approximately MSEK 25.

Stable year despite the incident

Given the impact of the security incident, the year as a whole may be viewed as stable, with an increase in sales to MSEK 797 (MSEK 787), a profit of MSEK 87 (MSEK 94), and a margin of 10.9% (11.9%).

Looking forward, we are seeing continued stable demand. We also note that there is available competence on the market, which has not been the case in a long time. This presents the possibility of recruiting new colleagues since our strong position in packaged services and commitments with regard to systems administration and operations is less susceptible to an economic slow-down. Our ambition is continued expansion. We are continuing to work on developing our services, particularly within the area of security, where we gained hands-on experience after the December incident.

Softronic was once again awarded a gold medal in EcoVadis' sustainability assessment. As a company, we are striving to use technology to do good in society and also maintain a high sustainability standard going forward.

We are leaving an intense end to 2022 behind us at the same time as we are planning for an exciting 2023!

Business events in 2022

Softronic was affected at the beginning of December by a security-related incident and made the decision to take the preventive measure of closing down all network traffic to Softronic's operational environments. Softronic later announced that the systems and services impacted by the security incident were for the most part open again. Costs related to handling the incident and securing both our and our customers' environments will have a negative impact on profit in the fourth quarter. Profit for the fourth quarter was judged to be below last year's profit for the same period.

The Swedish National Courts Administration and Softronic subsidiary Consultus signed an agreement for the training of managers and employees at the Courts of Sweden. The agreement starts on 1 January 2023 and covers training in change management.

Huge Bostäder and Softronic signed an agreement that covers the delivery of IT operational services for the next three years. The service areas include capacity, network, workplace and service desk services.

According to Radar's major supplier quality review, Softronic was a leader in creating operational, tactical and strategic values at its customers in 2022.

Framework agreement signed with Inera for application administration and application development.

Agreement signed with the Swedish Sports Confederation (RF) for application administration for its operational system IdrottOnline.

Agreement signed with Hifab to be an IT partner for the transformation from physical data centres to Azure. This will help Hifab achieve its objective to have a more flexible, secure and mobile IT environment.

Once again the Swedish Tax Agency entrusted Softronic with a framework agreement for contract services in the field of IT. This is a two-year framework agreement that covers the following areas: Team assignments, Analysis and investigation, and Development.

The Board of Softronic has hired Charlotte Eriksson as its new CEO, starting 2 May 2022.

Business events at the beginning of 2023

Region Skåne and Softronic subsidiary Consultus signed a framework agreement after the end of the period for Consultus to train the region's managers and employees in change leadership.

Softronic was once again chosen after the end of the period to be a framework supplier of IT consultants within the area of System Development and Administration for the Swedish Financial Supervisory Authority.

Softronic entered into a partnership with VALEGA Chain Analytics to monitor cryptotransactions within CM1.

Liquidity

The Group had MSEK 117 in cash and cash equivalents as at 31 December 2022. The total liquidity comprising cash and cash equivalents, as well as granted unutilised credit lines, amounted to MSEK 140.

Investments of MSEK -8.2 (MSEK -2.4) were made during the period January to December in operating systems, equipment and adaptations to premises.

Events after the end of the period

In January 2023, Softronic AB reclassified 370,000 Class A shares to a corresponding number of Class B shares in the company. After the reclassification, the number of shares amounts to 52,632,803, of which 3,000,000 of series A and 49,632,803 of series B.

Stockholm, 22 February 2023

Charlotte Eriksson, Chief Executive Officer, Softronic AB (Publ)

There have been no other significant events after the end of the period.

Risks and uncertainties

The risks and uncertainties that the Parent Company and the Group may face are primarily related to changes in employee capacity utilisation, average invoicing, employee turnover, salary costs and material security-related threats, all of which may have had a decisive impact on profitability. As well as the financial risks described in the latest annual report, there are uncertainties in economic assessments, changes to markets and competition.

Proposed dividend

The Board of Directors decided to propose to the Annual General Meeting a dividend of SEK 1.00 per share (SEK 1.35 per share) for a total of MSEK 52.6 (MSEK 71.0).

The Board has observed the dividend policy when making its decision, based on the Group's liquidity requirements and investment capability. The proposed dividend is higher than the normal level set out in the dividend policy. However, this can be justified because the company's high liquidity and non-existent indebtedness allow for additional complementary acquisitions and continued organic growth. Softronic's strong financial position contributes to the competitiveness of the company in tenders from large companies and organisations and in the introduction of new business models as cloud services.

About Softronic

GoodTech – Technology that does good in society We offer innovative digital solutions that help companies and organisations to create a real benefit to society. Our services in IT and management range from advice and new development to administration and operations.

Our customers are primarily medium and large Swedish companies and organisations. **Softronic was formed in 1984 and is listed on the Stockholm Stock Exchange, Nasdaq OMX. It has approximately 415 employees in Stockholm, Gothenburg, Malmö, Sundsvall and Arjeplog. Website: www.softronic.se**

Other

Reports 2023

- Annual Report 2022, 5 April
- Interim Report (Jan–March), 24 April
- Annual General Meeting 2023, 24 April, 5:30 p.m. at the company's premises
- Interim Report (Apr–June), 17 July
- Interim Report (July–Sept), 18 October

Information about the year-end report

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Consolidated condensed profit and loss statement and other comprehensive income, MSEK				
	2022	2021	2022	2021
	Oct–Dec	Oct–Dec	full year	full year
Revenue	195,8	210,1	797,1	786,5
Capitalised development costs	0,0	0,7	1,7	1,0
Goods for resale and other invoiced expenses	-71,3	-69,8	-285,4	-267,4
Other external expenses	-15,4	-7,3	-39,0	-27,7
Staff costs	-93,2	-97,5	-369,1	-375,7
Depreciation, non-current assets ¹	-3,9	-5,8	-17,3	-22,8
Operating income	12,0	30,4	88,0	93,9
Net financial income/expense <i>note 2</i>	0,0	-0,1	-0,9	-0,3
Profit/loss before tax	12,0	30,3	87,1	93,6
Taxes	-2,3	-6,4	-18,8	-19,9
Profit/loss for the period	9,7	23,9	68,3	73,7
Other comprehensive income				
<i>Items that will be reclassified to profit or loss</i>				
Translation differences	0,0	0,0	0,0	-0,4
Comprehensive income for the period	9,7	23,9	68,3	73,3
Profit/loss for the period attributable to the Parent Company's shareholders	9,7	23,9	68,3	73,7
Comprehensive income attributable to the Parent Company's shareholders	9,7	23,9	68,3	73,3
Earnings per share for the period, basic, SEK <i>note 1</i>	0,18	0,45	1,30	1,40
Earnings per share for the period, diluted, SEK <i>note 1</i>	0,18	0,45	1,30	1,40

¹of which depreciation for leasing for Q4 2022 was MSEK -3 (MSEK -5); MSEK -15 for Jan–Dec 2022 and MSEK -20 for the full year 2021

Condensed Balance Sheet		
Group, MSEK	31.12.2022	31.12.2021
ASSETS		
Goodwill	109,3	109,3
Other intangible assets	3,4	2,0
Other non-current receivables	3,3	3,3
Right-of-use asset	45,9	9,4
Property, plant and equipment	5,4	1,3
Total non-current assets	167,3	125,3
Receivables, etc.	149,6	172,1
Cash and cash equivalents	117,0	130,6
Total current assets	266,6	302,7
Total assets	433,9	428,0
EQUITY AND LIABILITIES		
Equity	253,6	256,4
Deferred tax liabilities	1,9	1,3
Other provisions	3,3	4,1
Other non-current liabilities, leasing	30,1	2,5
Current liabilities ¹	145,0	163,7
Total equity and liabilities	433,9	428,0

¹of which the current part of lease liabilities (IFRS 16) was MSEK 13 on 31 December 2022 and MSEK 4 on 31 December 2021

Condensed Total Equity		
Group, MSEK	2022	2021
	full year	full year
TOTAL EQUITY		
Opening balance	256,4	341,0
Comprehensive income for the period	68,3	73,3
Dividend	-71,0	-157,9
Closing balance	253,7	256,4

All equity is attributable to the Parent Company's shareholders, as there are no non-controlling interests.

Condensed Cash Flow Statement				
Group, MSEK Note 3	2022	2021	2022	2021
	Oct–Dec	Oct–Dec	full year	full year
Cash flow from operating activities before changes in working capital	15,1	47,8	63,0	108,6
Changes to working capital,	19,1	0,8	17,6	2,7
Cash flow from operating activities	34,2	48,6	80,6	111,3
Cash flow from investing activities	0,0	-1,7	-8,2	-2,4
Cash flow from financing activities	-3,4	-5,2	-86,0	-178,1
Cash flow for the year/period	30,8	41,7	-13,6	-69,2
Cash and cash equivalents at the start of the year/period	86,2	88,9	130,6	199,8
Cash and cash equivalents at the end of the year/period	117,0	130,6	117,0	130,6
Cash flow from operating activities per share, basic, SEK. Note 1	0,65	0,92	1,53	2,11
Cash flow from operating activities per share, after dilution, SEK. Note 1	0,65	0,92	1,53	2,11

Performance measures for the Group , Note 4		2022	2021	2022	2021
Net profit/loss		Oct-Dec	Oct-Dec	full year	full year
Earnings per share, basic/diluted, SEK	note 1	0,18	0,45	1,30	1,40
EBITDA, MSEK		15,9	36,2	105,3	116,7
EBITDA margin, %		8,1	17,2	13,2	14,8
Operating margin, %		6,1	14,5	11,0	11,9
Profit margin, %		6,1	14,4	10,9	11,9
Return on equity, %		27,1	26,3	27,1	26,3

		2022	2021	2022	2021
Sales		Oct-Dec	Oct-Dec	full year	full year
Net sales, MSEK		196	210	797	787
Sales of consultancy services, MSEK		67	79	276	293
Sales of agreements, MSEK		85	89	349	340
Invoiced to third parties, services, MSEK		25	23	100	72
Invoiced to third parties, other, MSEK		8	10	34	44
Sales of licenses, MSEK		6	5	27	15
Sales of hardware, MSEK		5	4	11	23
Sales per employee, TSEK		472	491	1 925	1 846

Financial position		31.12.2022	31.12.2021
Equity, MSEK		254	256
Equity/assets ratio, %		58	60
Cash and cash equivalents, MSEK		117	131
Unutilised credit lines, MSEK		23	23

		2022	2021	2022	2021
Employees		Oct-Dec	Oct-Dec	full year	full year
Average during the period		415	428	414	426
Number at the end of the period		415	427	415	427
Number of structural dismissals for the period		1	1	9	5

Development per quarter	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Net sales, MSEK	193,3	199,6	194,6	182,2	210,1	222,2	206,3	172,8	195,8
Profit/loss for the period before tax, M	23,2	19,9	20,3	23,1	30,3	29,8	21,4	23,9	12,0
Profit margin before tax, %	12,0	10,0	10,4	12,7	14,4	13,4	10,4	13,8	6,1

Condensed Profit and Loss Statement		
Parent Company, MSEK	2022	2021
	full year	full year
Revenue	797	786
Costs	-781	-769
Operating income	16	17
Net financial income*	0	44
Appropriations**	69	76
Profit/loss before tax	85	137
Taxes	-18	-20
Net profit/loss	67	117

*anticipated dividend of MSEK 44 received from subsidiaries in 2021
**net Group contributions paid/received

Condensed Balance Sheet		
Parent Company, MSEK	31.12.2022	31.12.2021
ASSETS		
Non-current assets	17	13
Non-current receivables	3	3
Current assets	254	304
Total assets	274	320
EQUITY AND LIABILITIES		
Equity	143	146
Non-current liabilities	3	4
Current liabilities, non-interest-bearing	128	170
Total equity and liabilities	274	320

Condensed Cash Flow Statement		
Parent Company, MSEK	2022	2021
	full year	full year
Cash flow from operating activities	64	91
Cash flow from investing activities	-7	-1
Cash flow from financing activities	-71	-158
Cash flow for the year/period	-14	-68
Cash and cash equivalents at the start of the year/period	131	199
Cash and cash equivalents at the end of the year/period	117	131

Notes

Accounting principles and supplementary information

Softronic AB (publ) applies the IFRS standards (International Financial Reporting Standards) as adopted by the EU.

The year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities.

Group operations are wide-ranging and are therefore reported as a segment.

The Group applies the same accounting principles and uses the same bases for calculation as in the 2021 Annual Report.

The estimates follow the same principles as in the Annual Accounts of 2021.

Comprehensive income is reported as an extended profit and loss account, including items previously recognised in equity.

The Group's financial assets and liabilities comprise accounts receivable, other non-current receivables, other current receivables, prepaid expenses, accrued income, cash and cash equivalents, other provisions, accounts payable, other current liabilities, accrued expenses and deferred income, with the carrying amounts the same as fair value.

New and amended IFRS that have become applicable from 2022 are not considered to have any material effect on the financial statements. In terms of IFRS 16, as at 31 December 2022, the right-of-use asset amounted to MSEK 46 (MSEK 9) and the leasing liability to MSEK 43 (MSEK 6) (recognised under other non-current liabilities at MSEK 30 and current liabilities at MSEK 13). Depreciation/amortisation of MSEK 3 was applied in the fourth quarter of 2022 (accumulated 2022: MSEK 15) while interest expense was MSEK -0.3 (accumulated 2022: MSEK -1.2). The right-of-use asset and the leasing liability increased in 2022 due to a resigned lease in Stockholm, which entailed a surface area reduction of 40%. Softronic has opted to adopt the relief rules regarding short-term leases and agreements where the underlying asset is of a low value.

Capitalised development costs are in balance and are subject to capitalisation if the costs are sizeable and considered to lead to future income or cost reductions. For the Parent Company, research and development costs are expensed as they are incurred.

There have been no material transactions with related parties other than commercial transactions between companies within the Group that were carried out on market terms except for the payment of Board fees in accordance with the resolution of the Annual General Meeting and the sale of the Hifab Group for MSEK 4.7. The Hifab Group is a related party because Petter Stillström, the chair of Softronic, is also a Board member of Hifab Group and indirectly a majority shareholder of both Softronic and Hifab through his ownership in Traktion. Stillström was not involved in the business decision nor the negotiations between the parties relating to the IT partnership agreement that was signed in March 2022.

In this report there is only an overview of the Parent Company's profit and loss statement and balance sheet, as the Group's sales and balance sheet items are mostly in the Parent Company.

Note 1

Profit/loss per share

The number of shares (basic and diluted) when calculating earnings and cash flow per share amounted to 52,632,803.

Note 2

Net financial income/expense

This item includes interest income and interest expense.

Note 3

Cash flow statements

Allocation of investments MSEK	2022 full year	2021 full year
Net investments in equipment	-5,6	-0,5
Capitalised development costs	-2,2	-1,5
Liquidity flows from previous years' acquisitions	-0,4	-0,4
Total invested	-8,2	-2,4

Note 4

Key performance indicators

Softronic's financial statements contain alternative key performance indicators that supplement the measures defined in applicable regulations for financial reporting, such as income, profit or loss, or earnings per share. Alternative key performance indicators are given as they provide more in-depth information than the measures defined in the regulations. The alternative key performance indicators are disclosed below because they are used by management to evaluate the financial performance and are thereby believed to give analysts and other stakeholders valuable information in order to evaluate Softronic's financial position and results. In the section below, we have defined how the alternative performance measures are calculated by Softronic.

Definitions of key performance indicators may deviate from the definitions given by other companies even though the measures have the same names. The alternative key performance indicators originate from the consolidated financial statements and are not measures of our financial performance or liquidity in accordance with IFRS, which is why they should not be considered to be alternatives to net profit, operating profit or other key performance indicators in accordance with IFRS, or as an alternative to cash flow as a measure of our liquidity.



Key performance indicators	purpose	Calculation full year 2022
Net profit/loss	Provides a more nuanced and in-depth understanding of profit development	
Operating margin, %	Operating profit/income	$(87.9/797.1)*100=11.0$
Profit margin, %	Profit/loss before tax/income	$(87.0/797.1)*100=10.9$
EBITDA margin, %	Operating profit before depreciation and amortisation/income	$(105.2/797.1)*100=13.2$
Return on equity, %	Profit for the 12-month period/average equity over 5 quarters	$(68224/(1258570/5))*100=27.1$
EBITDA, MSEK	Operating profit before depreciation and amortisation	$87.9+17.3=105.2$
Sales, MSEK	Provides a more in-depth insight into the distribution of sales	
Sales of consultancy services	Income from consultancy services	276
Sales of agreement services	Income from agreement services	349
Sales of services for invoices to third parties	Income from services for invoices to third parties	100
Sales of invoices to third parties, other	Income from invoices to third parties, other	34
Sale of licences	Income from licences	27
Sales of hardware	Income from hardware	11
Sales per employee, TSEK	Income/number of employees on average	$(797.1/414)*1,000=1,925$
Financial position	Provides a good overview of total liquidity and solvency	
Equity/assets ratio, %	Total equity/total equity and liabilities	$253.6/433,9*100=58$
Unutilised credit lines, MSEK	Available but unutilised overdraft facilities	23
Total liquidity, MSEK	Cash and cash equivalents plus unutilised credit lines	$117+23=140$
Employees	Provides a summary of changes in staff	
Average during the period, quantity	Number of employees on average	414
Number at the end of the period	Number of employees	415
Number of structural dismissals during the period	Number of structural dismissals	9

The information in this year-end report is the information that Softronic AB (publ) is obligated to publish in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (MAR). This information was submitted for publication through the offices of CEO Charlotte Eriksson on 22 February 2023 at 8:00 a.m. (CET). This report along with other information about Softronic AB is available at www.softronic.se.

GoodTech – Technology that does good in society

Softronic's ambition is to be a leader when it comes to providing innovative digital solutions that help companies and organisations create real social benefits.

Together with our customers, we work for the digitalisation of society and thereby contribute to a more sustainable future. That's what we call GoodTech.

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